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31 December 1962

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CENTRAL INTELLIGENCE BULLETIN



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USSR-Indonesia: After three months of stalling, Moscow apparently has agreed to revise the repayment schedule of Indonesia's debts to the Soviet Union.

In a recent letter, Khrushchev told Sukarno that the USSR was ready to do "everything possible" to help Indonesia pay off its debts, including stretching the repayment period over 20 to 25 years as requested by Djakarta. The period for repayment now varies between 5 and 15 years. Khrushchev said a Soviet team would arrive in Indonesia in January to work out details; a similar group, scheduled to arrive in mid-December, failed to appear.

Moscow probably sees little to gain in continuing to reject a settlement on Indonesia's terms and may view concessions on the debt issue as a way to maintain its Indonesian aid programs intact. Some portions of the military aid program are now under fire by certain Indonesian officials who want to see unfulfilled contracts canceled.

Khrushchev's letter may have assuaged the fears of some Indonesians who earlier believed the Soviets would attempt to extract military or political concessions in return for debt relief. Indonesian Foreign Minister Subandrio reportedly considered the letter so "friendly and agreeable" that he believes

[the Soviets are likely to agree to a one- or two-year moratorium on annual installments and 'almost anything else Indonesia wants.']

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[redacted] In early November, about two thirds of Djakarta's 1962 repayment obligations--which had fallen due in October--were deferred or canceled by the USSR. [redacted]

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DAILY BRIEF

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Communist China: Communist China continues to buy large quantities of Western grain, as it has since late 1960.

Peiping's latest purchase is for over 1.3 million tons of Australian wheat to be delivered by mid-1963. This sale involves slightly more grain than the Australians sold to China in all of 1962 and brings total Chinese grain purchases from Australia since 1960 to over five million tons.

Peiping also has recently signed large grain contracts with Canada and France for deliveries during the first half of next year. Altogether, Chinese grain imports in the first half of 1963 are likely to total at least 3.5 million tons--about the same as was imported in the first half of 1962. Total Chinese grain imports in 1962 amounted to about five million tons. [REDACTED]

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NOTES

Brazil: Brazilian military officers, including Minister of War General Krue, may attempt to overthrow the Goulart regime either this week or after results of the plebiscite are announced on 20 January, [redacted] President Goulart reportedly is aware of the plot and is attempting to organize defensive action with the help of loyal officers. He intends to denounce the scheme to the public during his visit to Recife on 3 January. [redacted]

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Portugal: [redacted] Foreign Minister Franco Nogueira will state publicly on 2 or 3 January that Portugal is permitting continued US de facto use of the Azores base pending renegotiation of a formal extension of the agreement which expires on 31 December. [redacted]

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Senegal-Mali: [redacted] President Senghor of Senegal and President Keita of Mali have reportedly agreed to begin negotiations for a resumption of relations between their countries, dormant since their federation broke up in 1960. The rapprochement, reportedly to begin by Senegal's reopening the Dakar-Bamako railroad, could help to ease Mali's economic plight and would be a significant step in Mali's trend toward warmer relations with its pro-Western neighbors. [redacted]

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Nationalist China: The Chinese Nationalist Foreign Ministry has denounced as illegal all border treaties or agreements made by Peiping with China's neighbors. The statement followed the mainland regime's announcement that it had concluded settlements with Pakistan and Outer Mongolia. While Taipei has publicly condemned Peiping's resort to armed force along the China-India frontier, it has avoided endorsing New Delhi's territorial claims. [REDACTED]

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